

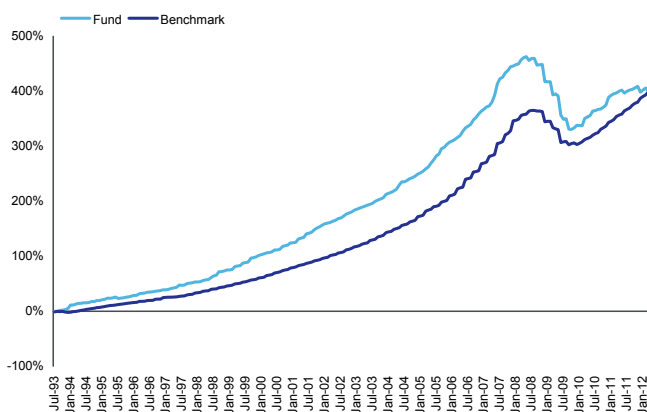
## BlackRock Direct Property Fund (Aust) BlackRock Direct Real Estate Fund (Aust)

### Investment Performance (%)

	Fund Inception	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Inc
BlackRock Direct Property Fund (Aust) (C Class) (Net of Fees)	2 August 2006	-0.20	-0.20	-1.42	-1.58	-0.83	0.55
Mercer/IPD Australian Pooled Property Fund Index (Gross of Fees)		2.42	2.42	9.95	4.80	5.51	6.95
Outperformance (Net of Fees)		-2.62	-2.62	-11.37	-6.38	-6.34	-6.40
BlackRock Direct Property Fund (Aust) (E Class) (Net of Fees)	10 September 2003	-0.02	-0.02	-0.67	-0.83	-0.10	5.03
Mercer/IPD Australian Pooled Property Fund Index (Gross of Fees)		2.42	2.42	9.95	4.80	5.51	9.35
Outperformance (Net of Fees)		-2.44	-2.44	-10.62	-5.63	-5.61	-4.32
BlackRock Direct Property Fund (Aust) (W Class) (Net of Fees)	2 April 2004	-0.07	-0.07	-0.88	-1.03	-0.30	4.49
Mercer/IPD Australian Pooled Property Fund Index (Gross of Fees)		2.42	2.42	9.95	4.80	5.51	9.08
Outperformance (Net of Fees)		-2.49	-2.49	-10.83	-5.83	-5.81	-4.59
BlackRock Direct Real Estate Fund (Aust) (A Class) (Net of Fees)	1 June 2007	-0.41	-0.41	-2.29	-2.49	-	-2.55
Mercer/IPD Australian Pooled Property Fund Index (Gross of Fees)		2.42	2.42	9.95	4.80	-	5.50
Outperformance (Net of Fees)		-2.83	-2.83	-12.24	-7.29	-	-8.05
BlackRock Direct Real Estate Fund (Aust) (W Class) (Net of Fees)	6 November 2007	-0.15	-0.15	-1.21	-1.40	-	-3.48
Mercer/IPD Australian Pooled Property Fund Index (Gross of Fees)		2.42	2.42	9.95	4.80	-	3.77
Outperformance (Net of Fees)		-2.57	-2.57	-11.16	-6.20	-	-7.25
BlackRock Property Trust (Aust) (Gross of Fees)	30 June 1993	0.29	0.29	0.56	0.43	1.09	8.96
Mercer/IPD Australian Pooled Property Fund Index (Gross of Fees)		2.42	2.42	9.95	4.80	5.51	8.95
Outperformance (Gross of Fees)		-2.13	-2.13	-9.39	-4.37	-4.42	0.01

Past performance is not a reliable indicator of future performance. Performance for periods greater than one year is annualised. Performance is calculated in Australian dollars and assumes reinvestment of distributions. Gross performance is calculated gross of ongoing fees and expenses. Net performance is calculated on exit-to-exit price basis, e.g. net of ongoing fees and expenses. BlackRock Direct Property Fund (Aust) (Class C, E & W units) and BlackRock Direct Real Estate Fund (Aust) (Class A & W units) invest into the BlackRock Property Trust (Aust).

### Cumulative Performance (Gross)



### Market Review

Despite improved global economic data, Australian businesses remain cautious regarding investment decisions and hiring. According to the NAB Business Survey, business conditions improved marginally during March, with business confidence improving strongly through the mining and finance/business/property sectors.

Given Australian business concerns regarding revenue projections and announced headcount reductions within the banking and retail sector, sub-lease availability is expected to become higher, particularly in Melbourne and Sydney throughout the remainder of 2012. Throughout Q1 leasing activity was subdued across most markets with the exception being Brisbane and Perth, where rental

growth has been achieved. The national vacancy rate remains unchanged for the quarter at 7.2%. Prime equivalent yield ranges remain unchanged in all CBD markets. Throughout the quarter approximately \$564 million of capital transactions were recorded for commercial property, with offshore investors continuing to be the most active as the hunt for global yield continues.

Industrial occupier demand remained slow for the quarter, following on from the second half of 2011. Rents remained stable across most markets, with some growth recorded in Perth. Industrial leasing activity remained strong in Brisbane and Perth, predominantly from the mining sector and wholesale trade industry. Investment activity was dominated by privates, with yields mostly stable however firming in Brisbane and Perth reflecting solid investor demand and limited investment opportunities in these markets.

Consumer confidence and retail turnover growth remained subdued throughout the quarter. Despite this, there has been some growth within the non-discretionary food and service areas. The Westpac/Melbourne Institute Consumer Sentiment Index increased from 94.7 points in December 2011 to 96.1 points in March 2012. Occupancy levels and rents have remained relatively stable, with the average retail vacancy rate remaining low with landlords providing more flexibility on lease terms. Investment activity continues to be reasonable, with transactions to the value of \$556 million recorded for the quarter. Yields remained stable once again at the prime end, however there has been a softening at the lower end of the range.

# BlackRock Direct Property Fund (Aust)

## BlackRock Direct Real Estate Fund (Aust)

### Strategy Commentary and Outlook

Over the March quarter, the BlackRock Property Trust (Aust) (BPT) returned 0.29 (before fees), versus the Mercer/IPD Australian Pooled Property Fund Index (before fees) return of 2.42%.

#### Valuations

Each of the 18 properties was valued as at 31st March 2012. The total assessed value of the portfolio of direct property assets decreased by 1.83% from 31st December 2011. 34% of the assets increased in value, 16% remained unchanged, with 50% recording lower values. The assets that fell in value were predominantly impacted by major forthcoming lease expiries and a softening of capitalisation rates based on recent sales. This has resulted in valuers taking a more conservative view of these particular assets. The weighted average capitalisation rate of the direct property assets within the portfolio has softened marginally from 8.28% as at 31st December 2011 to 8.43% at 31st March 2012.

#### Leasing Activity

At the conclusion of the March quarter the BlackRock Property Trust (BPT) had an occupancy rate of 95.5%, a marginal increase from the December quarter of 94.7%.

One significant leasing transaction was concluded during the quarter to assist in the total occupancy of the Fund. Covidien Pty Ltd signed a new lease for a 6 year term, taking on additional space totaling 4,130sqm at 166 Epping Road, Lane Cove. Tenants continue to remain cautious and as a result, transactions remain slow to be concluded.

#### Strategy & Outlook

BPT continues to generate solid income which is being distributed quarterly. Within the BPT, BlackRock remains heavily focused on asset management to minimise vacancy and maximise income for clients.

#### Liquidity

BlackRock is committed to restoring liquidity in the BPT. Whilst we have successfully executed on asset sales to a value of \$181 million at an average of approximately 1% discount to book value, the Fund remains non liquid. We advised in December 2011 that we were expanding the scope of measures being considered to restore liquidity to unit holders. Further to this end BlackRock has appointed Jones Lang LaSalle as its exclusive advisor in relation to the potential sale of the assets, recapitalisation or restructuring of the BlackRock Property Funds. A formal campaign has commenced and JLL are seeking proposals from interested parties which will provide liquidity for existing investors. Further information will be provided to investors once it becomes available.

### About the Fund

#### Investment Objective

The primary aim of the Fund is to provide investors with exposure to a diversified portfolio of direct property investments by selectively acquiring quality investment properties which provide a blend of income and capital growth.

#### Fund Strategy

The investment style of the Fund is to offer investors exposure to a property fund that is diversified sectorally and geographically. We have a track record of managing direct property for more than fifteen years. Value has been created by identifying asset management turnaround opportunities, identifying emerging locations, acquiring assets well below replacement cost where valuation upside is apparent, and managing the development of assets which may be secured by precommitments. We have engaged external property managers to provide specialist property management services to the Fund.

#### Should be considered by investors who ...

- ▶ Seek a fund which aims to provide a regular income stream from a diversified portfolio of direct property.
- ▶ Seek growth over the long term.

#### Region Exposure

Region	Weight %
NSW	41.34
VIC	28.92
QLD	14.29
ACT	2.67
Other	0.38
Cash	12.40

#### Sector Exposure

Sector	Weight %
Commercial	55.52
Industrial	24.44
Retail	4.56
Aged Care	3.08
Cash	12.40

# BlackRock Direct Property Fund (Aust) BlackRock Direct Real Estate Fund (Aust)

## Fund Details

<b>BlackRock Property Trust (Aust)</b>	
Fund Size	458 mil
Buy/Sell Spread	2.75%/0.00%
<b>BlackRock Direct Property Fund (Aust) (C Class)</b>	
APIR	MAL0031AU
Management Fee	1.45% p.a.
<b>BlackRock Direct Property Fund (Aust) (E Class)</b>	
APIR	MAL0021AU
Management Fee	0.90% p.a.
<b>BlackRock Direct Property Fund (Aust) (W Class)</b>	
APIR	MAL0010AU
Management Fee	1.05% p.a.
<b>BlackRock Direct Real Estate Fund (Aust) (A Class)</b>	
APIR	MAL0033AU
Management Fee	2.10% p.a.
<b>BlackRock Direct Real Estate Fund (Aust) (W Class)</b>	
APIR	n/a
Management Fee	1.30% p.a.

## Additional Fund Information

The BlackRock Direct Property Fund (Aust) (Class C, E & W units) and the BlackRock Direct Real Estate Fund (Aust) (Class A & W units) that ultimately invest into the BlackRock Property Trust (Aust) are currently “non-liquid” within the meaning of the Corporations Act. Accordingly, BlackRock can only accept and process withdrawal requests from investors in the Funds on the basis of a Withdrawal Offer issued by BlackRock. Any Withdrawal Offers issued will be offered to all investors in the Funds.

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